



RATIONAL CHOICE THEORY AND SOCIAL SOLIDARITY: A CASE STUDY ON THE COLLAPSE OF SUHARTO'S ERA AND POPULAR UPRISING IN INDONESIA

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Abstract

The collapse of New Order regime was caused by the Asian financial crisis with the crisis of confidence by Suharto and his political cronies. The origin of the Indonesian crisis situated in the effort to maintain foreign financial capital could not restore the deficit of the national market, while they also tried to keep the stability of fixed exchange rate. Under Suharto, Indonesia was ruled by the military dual-function system and authoritarianism. Popular uprising, pillages, and demonstrations arose in the breakdown of New Order. The aim of this paper is to analyze the rational choice theory of New Order regime and the social solidarity of the popular uprising in the Indonesian people. By the attempt to scrutinize the New Order regime, there are some questions need to be asked. Firstly, how was the emergence and his political scheme in the history of Indonesia? Secondly, why the Asian Financial Crisis brought Suharto and New Order regime into its downfall? and thirdly, what was the effect of mob violence that appeared in 1998? Through these questions, rational choice institutionalism and social solidarity will be the approaches to delve the analysis of New Order regime by differentiate the governmental, national and international scale of the study.

Keywords: Rational Choice Theory, Social Solidarity, Suharto, and Popular Uprising

Introduction

The Asian financial crisis in 1997 brought Indonesia into its turmoil by the collapse of the New Order regime. Corruption, collusion and nepotism led Indonesia into its downfall, where the regime of Suharto “lived by foreign

capital and it died by foreign capital” (Roosa, 2008). By the leadership under Suharto, Indonesia was ruled for 32 years with the authoritarianism and the military dual-function system. Political cronies and crisis of confidence worsened the political and economic

control in the national scale. Although on the perspective of foreign investors, they kept confidence that the Indonesian technocrats could overcome the financial storm, but it was directly opposed their expectations. The crisis hardly hit the country's economic and political spheres. By January 1st, 1998 the nominal value of rupiah was only 30 percent and many of Indonesian companies went bankrupt, because of "the short-term offshore loans in US dollars" (Indonesia Investment, 2017). Economic crisis and large scale of corruption led the Indonesian people into popular uprising in the beginning of 1998. Demonstrations, pillages, and mass killings caused the breakdown on the New Order period.

The aim of this paper is to analyze the rational choice theory of New Order regime and the social solidarity of the popular uprising in the Indonesian people. Under the leadership of Suharto, United States encouraged him to liberalized the financial system of Indonesia in the late 1980s by opening up to foreign capital, unbinding regulations, and abolishing the government negligence" (Roosa, 2008). The loophole of the Indonesian economy was the practice of rent-seeking – a new way of stealing money - by the Jakarta's business oligarchs that caused vulnerability to sudden change in international capital flows. This scheme collapsed with the Asian economic crisis in 1997 that the

money flooded out from the kleptocrats and their phony banks" (Roosa, 2008). By the attempt to scrutinize the New Order regime, there are some questions need to be asked. Firstly, how was the emergence and his political scheme in the history of Indonesia? Secondly, why the Asian Financial Crisis brought Suharto and New Order regime into its downfall? and thirdly, what was the effect of mob violence that appeared in 1998? Through these questions, rational choice institutionalism and social solidarity will be the approaches to delve the analysis of New Order regime by differentiate the governmental, national and international scale of the study.

Theoretical Approach: Rational Choice Theory and Social Solidarity

In analyzing the paradigm on the collapse of the New Order, there are two theoretical approaches that will be used in this research i.e. rational choice theory and social solidarity as the measurement of the events. According to B. Guy Peters, rational choice theory is centered in the individual or the main political leaders, in which the nature of rational choice institution is amorphous and egoistic that the first principal of the motivation is his action. Whereby the basis of the approach is a "common set of assumption, common set of problems and tabula rasa" (Peters, 1999) that the aim of an individual unite

into the institution is to fulfill his own political desire. Israel Gohberg states that “the rules of the game in this view are provided by the players themselves, they are simply the ways in which the players want to play” (Shepsle, 2006). In this term, the game theory can be described as a game between actors (legislators) to seek a mutual advantage to the other actors (bureaucrats self-interest) (Peters, 1999). The bureaucrats presupposes do not have an evil deeds, they only want to pursue their own interest of political desire which usually led to the issue of corruption. In this approach, individual has an autonomous state that he does not restricted by the formal or informal institutions, but they make their own choices. The utility of an individual is the focal point of this approach by seeing his action as a product of individual’s interest that are less observed to his responsibility as a political actor. Moreover, the instrumentalist is one of the factor to define rational choice approach by focusing on the decision making and the origin of power to be the center of political life. The traditional ways of life, such as rituals, symbols and ceremonies are less affected in decision making in regard of this approach, (March and Olsen, 1984) because the main actor has the absolute power of its dynamic.

In addition to the individual approach, Michael Hechter relates rational choice theory to social

solidarity as a concept that individual members has the dependency to a group cohesion. In his work on *Principles of Group Solidarity*, he states that “individuals are seen to coalesce into solidary groups – such as collective conscious classes or ethnic groups – by virtue of sharing common material interests. They learn of this commonality of interest as they interact with one another. But, in this view, solidarity does not arise merely from the existence and awareness of common interest. Instead, it must be forged in competition with the antagonistic interests of individuals in groups located elsewhere in the social structure” (Hechter, 1988). His viewpoint of solidarity is in a structuralist perspective that the solidary group is being an opposition to the other group. For Sally J. Scholz, social solidarity has the moral obligations that are imposed to others in the group membership and do not have the purpose for relieving oppression and/or injustice (Scholz, 1992). This statement is strengthened by Durkheim that the form of collective consciousness is the stem of the authoritative state, where it becomes the symbol of autonomy and “capable of producing its own spontaneous actions” (Scholz, 1992). It never frees itself by the source of its authority, where collective consciousness is controlling the authority of determining the notion of social acts. Therefore, rational choice theory is used as the measurement of

analyzing the leadership of Suharto and his political approach, whereas social solidarity scrutinize the popular uprising on the collapse of New Order regime.

The New Order Regime: Suharto's Political Approach

In the event on the massacre of Indonesian Communist Party members (Partai Komunis Indonesia/PKI) in 1965, Suharto could gained political power from the Indonesian Armed Forces (Angkatan Bersenjata Republik Indonesia/ABRI) and the support from the Western states (Ricklefs, 2001). The alignment of ABRI into the contra-revolutionary in the period of Sukarno happened by the political competition between the PKI and ABRI itself. The peak of the conflict happened when the PKI members were accused killing 6 Generals of ABRI on 4 October 1965 and the "Untung Coup" that destructed the triangular relationship of President Sukarno, the PKI and the armed forces. Suharto as one of the Major General led the troops to arrest and kill the PKI members across Indonesia. He was the supreme commander of the Indonesian Armed Force and he could promote and demote military officers (Suryadinata, 1997). He used his political rights to build his authoritarian regime under the military power. With the absolute political power of Suharto, Pancasila is the foundation of Indonesian ideology and its philosophy. Pancasila is known as the five principles that came from

the Sanskrit word (Old Javanese word) of "pañca" (five) and sīla (principles). The five principles can be described as follows: (1) Believe in One God; (2) Just and Civilized Humanity [humanitarianism]; (3) The Unity of Indonesia [nationalism]; (4) Democracy guided by the inner wisdom in the unanimity arising out of deliberations amongst representatives [democracy]; and (5) Social justice for all of the people of Indonesia [social justice] (Ricklefs, 2001). By following the ideology of Pancasila, Suharto created the 'New Order' system; contrasted with the 'Old Order' system of Sukarno.

As Geoffrey C. Gunn stated in his article "Ideology and the Concept of Government in the Indonesian New Order" that through Pancasila, the system of leadership incorporated the supremacy of traditional values into Western derived law (Gunn, 1979). The rejuvenate of precolonial pattern of Javanese values had been the tactics for Suharto to remain in his political power. Cultural hegemony and political traditions were the inheritance of Indonesian leaders, where Suharto was playing his role as "the old Javanese King" (Gunn, 1979). The 1945 Constitution of Republic of Indonesia (Undang-Undang Dasar Republik Indonesia 1945/ UUD 1945) was also sacralized to increase the myth and symbol of Javanese hegemony (Anderson, 2010). Javanization was the nucleus of Suharto's political power,

surrounded by bureaucratic polity and high level of civil and military bureaucrats as the monopolized political participations (Gunn, 1979). The political rivalry centered in the institutional actors which were the bureaucrats, technocrats, and military elites that compete to the Suharto's political circle.

After the downfall of Old Order, the Indonesian Armed Force created a new doctrine inside the institution of School for Staff and Commander of Indonesian Armed Force (Sekolah Staf dan Komandan Angkatan Darat/ SESKOAD). The army's meeting was held in Bandung 1966 and produced the guideline of Tri Ubaya Cakti (doctrine of struggle of the army). In this period, Suharto changed the aim of Indonesian Armed Force into Dual-Function ABRI (Dwifungsi ABRI) that expanded the military power into the political economic arenas. Through the meeting, the doctrine of Tri Ubaya Cakti was settled and it clearly referring to the Old Javanese words that can be described as "the ubaya (promise) of pembangunan (development) and cakti (the sacred devolution of power to a moral and righteous force)" referred to the symbol General Suharto as the president of Indonesia and the TNI-AD (Tentara Nasional Indonesia Angkatan Darat / Indonesian Armed Force) as his guardian (Gunn, 1979). The doctrine consist of three principle, mainly [1] the Doctrine of Basic National Security,

[2] the Doctrine of Civil Action, [3] the Doctrine of Development (Gunn, 1979). By referring to these doctrines, ABRI had a role function for being a dynamist and stabilizer in the Indonesian nation. On the one hand, the role of ABRI as a dynamist could be described by communicating with the people, to guide and support the society for participating the national development in the industrial and technological arenas. On the other hand, ABRI also needed to be a stabilizer and focusing on the social control that prevented the exogenous factor to influenced the cultural and social values of the Indonesian traditions.

After Suharto recreated the aim of ABRI as a dual-function, he elected new members into the Provisional People's Consultative Assembly (Majelis Permusyawaratan Rakyat Sementara/ MPRS) to elect himself for the Presidency of a five-year term (Ricklefs, 2001). He had shown his power to justify his position in the Indonesian political system. In the year of 1969, the government stabilized its economic progress by establishing its first Five-Year Development Plan (Rencana Pembangunan Lima Tahun/Repelita I, from 1969 – 1974) - focusing on the agriculture, economic infrastructure, and industrial needs by asking from the help of IMF and the World Bank as the foreign loans. The technocrats consulted the economic development to the IMF by introducing and concentrated to

the budgetary retrains, high interest rates, control of the export and anti-corruption measurement. They gave Indonesia for US\$ 877 million for the economic development plan (Ricklefs, 2001). The loans increased through his regime by following the economic plan through Repelita II (1974 – 1979), Repelita III (1979 – 1984), Repelita IV (1984 – 1989), and Repelita V (1989 – 1994). According to the plan, Repelita II was focusing more on the transportation system and the industrial development across the archipelago through transmigrassion; Repelita III centered on the labor-intensive industry to increase the Indonesian export of goods and materials; Repelita IV was concerned in the new job opportunity and industry; and Repelita V emphasized the issue on transportation, communication and education (Hill, 2000). The success of the economic plan brought the new order regime into a secure political position in the national level. The strong bond between Suharto and the military force strengthened his regime until 32 years of his presidency.

The Downfall of New Order Regime: Economic Crisis and IMF

The Asian Financial Crisis in 1997/98 shockingly hit the New Order regime in its downfall. The origin of the Indonesian crisis situated in the effort to maintain foreign financial capital could not restore the deficit of the national market, while they also tried

to keep the stability of fixed exchange rate. The Indonesian rupiah had been influenced by the contagion of another Southeast Asian currency and fall down until 75 percent, which was the lowest point of 17000 rupiahs per US\$ 1 by the end of 1997. In the beginning of Indonesian economic crisis, the rupiah levitated from 8 per cent to 12 per cent. In June 1997, the rate of Indonesian currency changed from 2400 to 3600 rupiahs per one dollar. In the beginning of January 1998, the currency falls down to 10 000 rupiahs and in July 1998, the devaluation reached to 75 per cent (Iriana and Sjöholm, 2002; see also Sherlock, 2017). As Jeffrey M. Chwioroth stated in his article, “the economic crisis often bring remarkable transformations” (Chwioroth, 2010). The impact of the crisis transformed the domestic balance of power and some resolution to resolve the economic problem. The strong domestic balance of Indonesian economic power centered in the macroeconomic level with its industrial and rural development, but it was also the characteristic of the early financial crisis. Referring to Charlie Harvie, the pre-crisis featured by strong economic growth, low budget deficits, low inflation, high domestic savings, a stable accumulation of foreign exchange with steady external debt service ratio (Harvie, 1999). Most of the investments belonged to the foreign loans with half of the savings owned by private property and designated

as hard currency in the form of US dollars and Japanese yen. As a result, the Indonesian government was fragile to the progress of exchange rate and it followed by the distrust of foreign investors and increasing creditor panic (Harvie, 1999). The monetary crisis led Indonesia to have massive reformation in the political, economic and social sphere.

The regime of Suharto lasted almost 32 years with a stabilized macroeconomic and political order. With the stroke of Asian financial crisis, his regime started to crumbled. The Suharto's family, his cronies and the *cukongs* (Indonesian biggest entrepreneurs) were the cantilever of Indonesian economic foundation. The corruption, collusion and nepotism were the symbol of his regime. Corruption, referring Samuel P. Huntington, is "most prevalent in states which lack effective political parties, in societies where the interests of the individual, the family, the clique, or the clan predominate" (Huntington, 2006). The disintegration of the regime appeared by the fact that the nation could not maintained the regime that "its costs outweighed its benefits" (Ricklefs, 2001). The military nepotism and Suharto's favoritism resulted factions inside the military body. The six children of Suharto also enjoyed the luxury of Suharto's regime by conspired with the political and business actors to gain money from the national budgets

for their own benefit. One of the example of Suharto's nepotism came from the scandal of Suharto's family business that appeared in 1996, where one of Suharto's son, Tommy Suharto, constructed a story that Indonesia would built their own car. The fact erupted to the public that he bought a built-up Kias and renamed it as Timor which could be called as national car. The purpose of this issue was to escape all the duty of paying taxes and to increase the profit of joint venture. Suharto, then, decided to import 45 000 Timors for the beginning of the contract (Ricklefs, 2001). Other issues influenced the economic crisis came from the structural rigidities applied in the economic structure that resulted from the trade restrictions, import monopolies and economic regulations (Harvie, 1999). The tradition of corruption also influenced the crisis with the lack of transparency, less financial liberalization, poor central bank governance and the accumulation of private sector debt. The dictatorship of Suharto and his lack transparency of the bureaucracy gave an impression that the Indonesian society were decreasing their believe in his regime. With the collapse of economic stability, Suharto tried to gather his loyal military power, his cronies and the *cukongs* for the support of his political domain.

The Asian Financial Crisis was the cause of the economic finance and the banking system that hit Thailand, Indonesia, Malaysia and South Korea.

The crisis was not affected by the whole Asian regions, such as China, Taiwan and India that escaped the crisis. Through the Australian media, it was known as the 'Asian economic crisis' or 'Asian financial meltdown' (Sherlock, 2017). The contagion of Indonesian crisis was influenced by the other Southeast Asian nation that caused by fundamental links and behavior of financial markets. Contagion, in this sense, means as a "cross-country correlation coefficients of exchange rates and stock markets increase during the crisis" (Iriana and Sjöholm, 2002). The Indonesian economic crisis was influenced by the correlation coefficient from Thailand that the Thai's stock market was relatively high which resulted to the Indonesian stock market. It was a diverse case with the relation of Indonesia-Malaysia, that there was no sign of contagion between them.

By the collapse of Indonesian economic stability, Suharto seek help to the international organization of International Monetary Fund (IMF) in October 1997. Firstly, the IMF issued a rescue package of US\$ 23 billion to rescue the Indonesian currency and its financial market with the help of World Bank and Asian Development Bank. Secondly, IMF agreed to prevent economic disintegration by eliminating the support of aircraft industry, limitation on the Indonesian trade monopoly of rice imports, and deregulation of domestic products

(Sherlock, 2017). The central point of IMF to help the economic crisis was the restructuration of Indonesian banks, securing the foreign investment, deregulation and privatization, and social safety net. For the government's duty, they need to secure the cheap loans for the middle class entrepreneurs (Tjoptonerijanto, 2017). Unfortunately, the program that IMF seek to apply in Indonesian market could not stabilized the Indonesian currency. In his final decision, Suharto tried to maintain his political regime in his fragile relationship with his political cronies.

The Indonesian Crisis: Popular Uprising

The Asian Financial Crisis brought the Indonesians into poverty. The high rate of living cost, food shortage and mass unemployment increased its peak between 1997 and 1998 that followed by the uprising of Indonesian people. The demonstrates – most of them were students - rejected the leadership of Suharto as the Indonesian President in 1998 that led to the starting point of reformation. This movement echoed the refusal on the seventh re-election of Suharto being president in the General Assembly of People's Consultative Assembly March 10th, 1998. It became tragedy in May 12th, 1998 when ABRI repressively handled the students from University of Trisakti. Four students were killed in the Trisakti's tragedy and 681 people were injured (Ricklefs,

2001; Galih, 2019). By the death of the students, the mass violence increased in the following days.

The downfall of Suharto's regime was in the peak, with the collapse of economic development, the ABRI brutality, and the unreachable for reformation brought the Indonesian people into massive riots. In May 18th, 1998 students from Indonesia University started to move to the House of Representative to join with students from other universities. The Long March symbolized a social key with a coded map, e.g. the main street of Salemba and Matraman are occupied with the mixed working-class and high density on the presence of high school and universities; Kampung Melayu and Manggarai are populated by poor urban working-class; the elite areas of Thamrin and Sudirman were defended from activist occupation by the armed forces (Lee, 2016). According to Doreen Lee, the energy of urban poor and dissatisfied young men resulted the realization of the demo's success. Space in this term referred to the discourse of student movement, where the people gathered and student activists started the mass demonstration. The slogan of "Turun ke jalan!" (Descend to the streets!) had been used for the activists to assemble their troops into the streets (Lee, 2016). "'Turun ke jalan" was especially effective at conveying students' descent from the ivory tower of the university, which had become

a privileged and depoliticized zone for furthering New Order technocratic aims". (Weiss and Aspinall cited in Lee, 2016) In this notion, the appearance of Durkheim's theory of solidarity described the people become as a collective apparition that the individuals has seen themselves as subject of political discourse (Lee, 2016).

Enthusiasm of the student movement with the right of political will and conditions of preparation led the urban people into an assemblage. Therefore, people would join the demonstration led by the confidence of student activists reflected the will of moral and reformation. Until May 19th, 1998 the students, the urban middle and lower classes took control over the House of Representative in which they demanded that Suharto needed to stepped down from his throne. The Chairman of the Legislative and People's Consultative Assembly, Harmoko, publicly stated that "in response to the urgent situation, the Council of the Chairman hoped, for the sake of national unity and integrity, that the President should resign." (Galih, 2019) Suharto felt cornered that most of his cronies left him and the number of the demonstrators significantly increased. In May 18th, 1998 Suharto finally resigned as the President of Indonesia.

Conclusion

The history of New Order is influencing the development of its

government by the inertia of power domination and corruption through the political sphere. By picturing the events, rational choice institutionalism centered in Suharto as a person and the main actor of the regime. In the period from 1967 to 1998, path dependency is suitable for analyzing Suharto's political background and his policy according to the 1965 incident of Indonesian Communist Party members and the deprivation of Sukarno as the first Indonesian president. His role as an old Javanese King gave himself the absolute power in Indonesia, although he applied democracy and Pancasila in the foundation of Indonesian ideology. The theoretical basis is based on the utilitarian and instrumentalism, that the rule of the game is centered in Suharto himself. His decision making and the corrupt governmental system was the design of his institution that brought him into his downfall. The Asian Economic Crisis was the turning point of his period, by asking the

help of IMF to restore the economic stability. His institution was filled by corruption, collusion and nepotism that worsened the economic and political sphere. Whereas social solidarity narrates the symbol of the action by analyzing the popular uprising in the period of the downfall of New Order regime. In this stage, the transformation of evolution happened in the period of demonstration, where the peak of the event occurred in 1998. The death of the students was the catalyzer of the massive mobs across Indonesian regions. Another aspect also came from the Suharto's family corruption, his cronies and the cukongs that conducted collusion and nepotism. The effect of these cause correlates to the anger of Indonesian people which transformed into massive strike. Transformation on the individual act that resulted as a mob of demonstrations is a production of sociological institutions, where the society culminated their unsatisfying desire into revolutionary movement.[]

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